

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

UNITED STATES OF AMERICA

CRIMINAL COMPLAINT

vs.

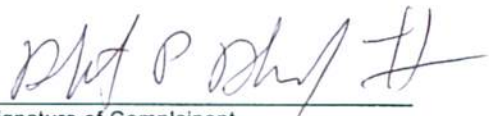
CASE NUMBER: 6:13-mj- 1170, 01, 02, 03, 04

JAMES FIDEL SOTOLONGO
RAMARA GARRETT
CHRISTOPHER MENCIS
STEPHANIE MUSSELWHITE

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief. On or about from 2005 to 2012, in Volusia County and elsewhere, in the Middle District of Florida, defendants did conspire to commit wire fraud, in violation of Title 18, United States Code, Sections 371 and 1344. I further state that I am a Special Agent with Federal Bureau of Investigation, and that this Complaint is based on the following facts:

SEE ATTACHED AFFIDAVIT

Continued on the attached sheet and made a part hereof: ☒ Yes ☐ No



Signature of Complainant
Robert P. Robichaud II

Sworn to before me and subscribed in my presence,

²⁹
March V, 2013

at

Orlando, Florida

THE HONORABLE THOMAS B. SMITH
United States Magistrate Judge
Name & Title of Judicial Officer



Signature of Judicial Officer

STATE OF FLORIDA

Case No. 6:13-cr- 1170, 01, 02, 03, 04

COUNTY OF ORANGE

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Robert P. Robichaud II, being first duly sworn, depose and state, as follows:

I. INTRODUCTION

1. I have been a Special Agent with the Federal Bureau of Investigation (FBI) assigned to the Jacksonville Division, Daytona Beach Resident Agency for approximately four years. Before Jacksonville, I was assigned to the New Orleans Division of the FBI. I have been a Special Agent of the FBI for over 16 years. I'm a graduate of Tulane Law School and am admitted to the Florida Bar, although my current status is inactive. I was an Assistant State Attorney for the 12th Judicial Circuit of Florida from 1988 through 1996. As part of my responsibilities as a Special Agent, I have conducted numerous investigations of complex white collar crimes, including complex financial crimes. I have also developed expertise in the area of cyber crime or computer crime investigations. I obtained a computer industry "A + Certification" by passing two examinations on the topics of operating systems, computer hardware, operating systems configurations and installations, computer networking, network designs and installation, computer hardware and software trouble shooting and repair. Additionally, I have a Police Instructor Certification and am a FBI Certified Cyber Instructor. I have taught cyber investigative techniques to investigators in the FBI New Orleans Division, the FBI Los Angeles Division, the FBI Columbia Division, and the FBI Cyber Division.

2. I am the coordinator of the FBI Daytona Beach Mortgage Fraud Task Force (DBMFTF). The FBI DBMFTF is an FBI led task force with participation by the Florida

Department of Financial Services, and the City of Daytona Beach Shores Department of Public Safety. One federally deputized Task Force Agent (TFA) from the Florida Department of Financial Services and one federally deputized TFA from the City of Daytona Beach Shores Department of Public Safety work on the FBI DBMFTF.

3. I am submitting this Affidavit in support of a criminal complaint for the arrests of James Sotolongo, Ramara Garrett, Christopher Mencis, and Stephanie Musselwhite, who along with others made up the "Sotolongo Mortgage Fraud Ring" or "SMFR."

4. For the reasons set forth below, I submit there is probable cause to believe that from 2005 to 2012, in the Middle District of Florida and elsewhere, James Sotolongo, Ramara Garrett, Christopher Mencis, and Stephanie Musselwhite, violated Title 18, United States Code, Section 1349, and did knowingly and willfully combine, conspire, confederate and agree together with various other persons and organizations, both known and unknown, to commit the following offenses against the United States:

a. to knowingly make false statements to financial institutions (FDIC-insured lenders) for the purpose of influencing the actions of said financial institutions in connection with mortgaged loans, in violation of Title 18, United States Code, Section 1014, and

b. to knowingly execute, by means of a wire or radio communication in interstate or foreign commerce, a scheme and artifice to defraud financial institutions (FDIC-insured banks) to obtain money or property from the financial institutions through materially false and fraudulent pretenses, representations, and promises in violation of Title, 18 U.S.C. § 1343.

5. The facts set forth in this Affidavit are based on my personal knowledge; knowledge obtained from other individuals including other law enforcement officers; my review of

documents and records related to the investigation; my communication with others who have personal knowledge of the events and circumstances described herein; information gained through my training and experience; and information developed or imparted to me in the performance of my official duties as a law enforcement officer, including the interviews of victims, witnesses, the reviewing of bank records, real estate records, closing packages, public record documents, and the reviewing of other financial documents, contracts, and agreements. The facts in this Affidavit do not include every fact learned during the investigation but rather those facts necessary to support that probable cause exists for the arrest of the individuals identified in paragraphs three and four.

II. SUBJECTS

JAMES FIDEL SOTOLONGO

6. James Fidel Sotolongo, resides at 4115 South Atlantic Avenue, Wilber by the Sea, Florida. James Fidel Sotolongo is also known by James Sotolongo, Jimmy Sotolongo, and Jim Sotolongo. Although not licensed as a realtor, broker, title agent, or mortgage broker in Florida, Sotolongo is the organizer of the SMFR and is the live-in boyfriend of co-conspirator Ramara Garrett. James Sotolongo personally bought or sold approximately 20 homes during the conspiracy, but was involved in approximately 70 fraudulent transactions. James Sotolongo had signatory authority for bank accounts owned by Omni One Financial, Inc., and American Signature Homes, two companies that received the proceeds of the mortgage fraud. He also had at least one joint bank account with Ramara Garrett.

RAMARA GARRETT

7. Ramara Garrett also resides at 4115 South Atlantic Avenue, Wilber by the Sea, Florida, with James Sotolongo. The State of Florida, Division of Business and Professional Regulation, indicates that Garrett holds a current real estate/broker's license. Garrett, or realtors

that worked for her, represented parties involved in a number of the fraudulent home purchases. According to the Florida Division of Corporations, Garrett is the registered agent for Waverly Property Group, LLC, and the Manager of Daytona Beach Luxury Rentals, LLC. Garrett established Omni One Financial, Inc. in 2007. A review of SunTrust bank records for Waverly Property Group, LLC, Daytona Beach Luxury Rentals, LLC, and Omni One Financial, Inc., shows that Garrett is an authorized signer on the accounts owned by these companies.

STEPHANIE MUSSELWHITE

8. Stephanie Musselwhite is a current resident of Orange County, Florida. According to the Division of Corporations, Stephanie Musselwhite is listed as the registered agent for Orlando Title and Abstract of Florida, Inc., 2699 Lee Road, Suite 540, Winter Park, Florida. The Florida Department of Financial Services lists Stephanie Musselwhite as having an active title agent license. Musselwhite was the closing agent on most of the loans obtained by the SMFR.

CHRISTOPHER MENCIS

9. Christopher Mencis resides in North Carolina, but used to reside in Longwood, Florida. According to the Florida Division of Corporations, Mencis is the President of Real Estate Mortgage Professionals, Inc. (REMP). From August 5, 2005 through December 31, 2010, Mencis was a licensed mortgage broker in Florida. Mencis or REMP acted as the mortgage broker on most of the loans obtained by the SMFR.

II. UNCHARGED CO-CONSPIRATORS

ABDUL B. (JACK) RIFAI

10. Abdul Bari Rifai is a resident of Orange County, Florida. Abdul Bari Rifai is also known as Abdulbari Rifai and Jack Rifai. Rifai previously owned and ran a company named Century Motors Financial, Inc., with James Sotolongo. Century Motors Financial, Inc. operated

used car lots in both Daytona Beach and Winter Park, Florida. According to the Florida Division of Corporations, Rifai incorporated Century Motors Financial, Inc. on December 21, 1999, and was listed as the president, secretary, treasurer, and director. Rifai retained those positions with Century Motors Financial, Inc., until April 30, 2009 when James Sotolongo became the president, secretary, treasurer, and director. Abdul Rifai or his wife, were involved with the purchase or sale of approximately twenty homes during the conspiracy.

STEVEN GENE MATSON

11. Steven Gene Matson is a current resident of Pasco County, Florida, and is the nephew of James Sotolongo's wife. Steven Gene Matson purchased two homes and recruited his grandfather to act as a straw borrower on five homes. Steven Gene Matson is the current owner of West Coast Tire Company in Dade City, Florida. According to records maintained by the Division of Corporations, Steven Matson was listed as the manager of Daytona Beach Luxury Rentals when it was incorporated on February 2, 2007, and resigned from the position on July 13, 2007.

SIDNEY COTON

12. Sidney Coton worked for James Sololongo and Abdul Rifai at Century Motors Financial from 2005 to 2009. Coton was approached by Sotolongo and Rifai to act as a nominee buyer because of his good credit score. He was encouraged to meet with Mencis and Mencis provided him with multiple blank Uniform Residential Loan Applications to sign. Coton was involved in the purchase of five homes during the course of the conspiracy.

IV. FLORIDA CORPORATIONS

American Signature Homes, Inc.

13. American Signature Homes, Inc., was, according to records maintained by the Division of Corporations, established as a Florida corporation on July 14, 2006. "J.D." was initially listed as the company's President and Registered Agent. "J.D." resigned from American Signature Homes, Inc. on September 25, 2008, and was replaced by "E.P." "E.P." has been identified as an employee of Century Motors. The addresses provided to the Division of Corporations for American Signature Homes, Inc., include 6721 North Harer Street Tampa, Florida, 1349 Freymark Street, Altamonte Springs, Florida, and 1386 Wembley Circle, Port Orange, Florida. The mailing address provided to SunTrust Bank when American Signature Homes, Inc. opened bank account number ending in 6644 was 3624 South Atlantic Avenue, Suite 102, Daytona Beach Shores, Florida 32118. This is the same office building where the Waverly Property Group was at the time located. The address of 1386 Wembley is the address for a property purchased by Sidney Coton during the conspiracy. Licensee checks with the State of Florida and local governmental entities have determined that American Signature Homes, Inc. has never had any professional licenses nor performed in connection with any of the properties purchased through the SMFR. American Signature Homes, Inc. was administratively dissolved by the State of Florida on June 2, 2009.

Omni One Financial, Inc.

14. Omni One Financial, Inc., was, according to records maintained by the Florida Division of Corporations, established as a Florida corporation on July 10, 2007. Omni One Financial was incorporated by an attorney at the request of Ramara Garrett and listed the attorney's address as the company's address. The corporate filing for Omni One Financial, Inc. did not list

any managers or officers. Both Ramara Garrett and James Sotolongo were authorized signatories on the company's bank account at SunTrust. Florida licensee checks determined that Omni One Financial, Inc. has never possessed any professional licenses or otherwise did any type of business.

Waverly Property Group, LLC

15. Waverly Property Group, LLC, was, according to records maintained by the Florida Division of Corporations, established in May 22, 2007. Waverly Property Group, LLC was administratively dissolved by the State of Florida for failure to file an annual report on September 28, 2012. The registered agent as well as the manager for the company was Ramara Garrett with a mailing address of 3624 S. Atlantic Avenue Daytona Beach Shores, Florida 32118. Waverly Property Group maintains an active website at "www.WaverlyPropertyGroup.com" and previously as well as is currently listing for rent and sale some of the homes purchased by the SMFR.

Daytona Beach Luxury Rentals, LLC

16. Daytona Beach Luxury Rentals, LLC, was, according to records maintained by the Florida Division of Corporations, established on February 2, 2007. Steven Matson, 1821 C S. Ridgewood Ave, South Daytona, Florida 32119, was originally identified as the manager of the company. On July 13, 2007, a document purported to be signed by both Ramara Garrett and Steven Matson made Garrett the only officer and removed Matson from leadership in the company. The company was administratively dissolved by the state of Florida on September 26, 2008, for failure to file an annual report.

Waverly Media, LLC

17. Waverly Media, LLC, was, according to the records maintained by the Florida Division of Corporations, established in 2007. The manager of the company is identified as J.B.

When Waverly Media, LLC, was first established, corporate records listed Ramara Garrett as the manager and listed 3624 South Atlantic Avenue, Daytona Beach Shores, Florida as the company's mailing address.

Real Estate Mortgage Professionals, Inc.

18. Real Estate Mortgage Professionals, Inc. (REMP), was, according to records maintained by the Florida Division of Corporations, established on November 2, 1995, and was licensed as a real estate mortgage broker business. The company was administratively dissolved on September 28, 2012, for failure to file an annual report. Real Estate Mortgage Professionals listed its address as 471 North Maitland Avenue, Maitland, Florida 32751. Corporate filings with the Division of Corporation show Christopher Mencis was the company's president. Mencis or employees of REMF processed most of the loans obtained by the SMFR.

Orlando Title & Abstract of Florida

19. Orlando Title and Abstract of Florida, Inc., was, according to records maintained by the Florida Division of Corporations, established on August 27, 1987. The company was administratively dissolved on September 27, 2011, for failure to file an annual report. Stephanie Musselwhite was the registered agent and her daughter, Melissa Musselwhite, was the president. Orlando Title and Abstract of Florida, Inc., listed its address as 2699 Lee Road, Suite 540, Winter Park, Florida. Orlando Title and Abstract of Florida closed most of the fraudulent real estate purchases during the conspiracy.

Century Motors Financial, Inc.

20. Century Motors Financial, Inc., was, according to records maintained by the Florida Division of Corporations, established on December 21, 1999. According to the corporate filings, Abdul Rifai was originally listed as the president, secretary, treasurer, and director. Century

Motors Financial, Inc. listed its primary place of business as 1965 West Fairbanks Avenue, Winter Park, Florida 32789. On April 13, 2009, Rifai resigned from Century Motors Financial and James Sotolongo was listed as the president, secretary, treasurer and director of the company. The company was administratively dissolved on September 24, 2010, for failure to file an annual report.

V. OVERVIEW

21. James Fidel Sotolongo, in conjunction with Ramara Garrett, Abdul (Jack) Rifai, the Waverly Property Group, Steven G. Matson, Stephanie Musselwhite, Christopher Mencis, and others, bought residential real property for investment purposes in Volusia, Lake, Seminole, Pinellas and Orange counties utilizing “straw borrowers” with good credit scores. The use of straw borrowers enabled conspirators to purchase more homes than if the purchases were made in their own names. Additionally, the use of straw borrowers enabled them to more easily sell or flip the homes to conspirators and avoid financial liability when the homes fell into foreclosure. The conspiracy started in or around 2004, and exploded with the drastic increase in real estate prices in Florida. The conspirators’ fortunes continued to rise dramatically until 2007, when the market began to fall in early 2008. At last count, the SMFR was involved in the purchase of over 70 properties in Central Florida, many of which are in foreclosure or have been subject to final orders of foreclosure.

22. James Sotolongo and Ramara Garrett, who is a realtor, would locate a suitable property to purchase from a seller/owner. The first step of the fraud was for the conspirators to represent to the sellers/owners that the property needed renovations or remodeling. The next step was for the conspirators to select an inflated purchase/sale price to submit to the lender. There is no evidence from the lender’s files that I reviewed that the lending institutions had knowledge of the

inflated home values. This arrangement enabled the conspirators to obtain extra funding from the lender that they could use as a down payment on purchase of the home (usually made after the closing date) or divide the money amongst them.

23. The third step of the fraud was for a straw borrower to apply for a home loan from a lender. James Sotolongo would direct straw borrowers to meet with mortgage broker Christopher Mencis or other mortgage brokers who would submit loan applications containing one or more of the following false statements in various combinations: (1) inflated contract price; (2) the intended use of the property – i.e. the primary residence of straw borrowers; (3) straw borrowers' income and employment; (4) straw borrowers' assets and liabilities; and (5) the source or amount of straw borrowers' down payment or equity contribution. Christopher Mencis or other mortgage brokers would also submit a copy of the purchase/sale contract to lenders. The loans that I reviewed were the type where the actual contract price, the borrower's assets and liabilities, the borrower's income and employment, the source of funding were material to the lender's decisions to extend the loans and the terms of the loan such as the interest rates, security requirements, and down payments.

24. Three straw borrowers for the SMFR have told me that they only provided Christopher Mencis with their names, social security numbers and bank account numbers, and that Mencis completed the remaining portions of the loan applications. They also stated that they signed blank loan applications at Christopher Mencis' direction. I provided the three straw borrowers with loan applications submitted to lenders in their names and they denied knowledge of information on the applications. All three individuals said that they were told to meet with Mencis by James Sotolongo.

25. In some cases, when the lender's underwriter attempted to verify income, assets

and employment histories of the straw borrowers, members of the conspiracy provided false or fraudulent information or directed their employee to do so. A former realtor who worked for Waverly Property, told me that he saw James Sotolongo give a receptionist at Waverly Property a list of names. James Sotolongo instructed her that if a lender called, she needed to confirm that the people on the list worked for Century Motors.

26. If a home loan request was approved, the loan was usually closed at Orlando Title and Abstract. Since the contract price was inflated, and the loan amount correspondingly and proportionally inflated, this created a problem for the closing agent, Musselwhite, since the “books” would not balance. Sotolongo and Garrett solved this problem by creating two shell companies, American Signature Homes and Omni One Financial. At closing, funds in excess of the real contract price would appear on the Seller’s side of the Settlement Statement (HUD-1) as a payment due to one or both of these shell companies. Money that was paid into the shell companies’ accounts would then flow into accounts controlled by Garrett and Sotolongo.

27. While straw borrowers had already submitted a loan application earlier in the process, closing procedures required that straw borrowers re-affirm the representations on the loan application at closing. The closing agent, Stephanie Musselwhite, or her staff, would also prepare the Settlement Statement (HUD-1) and all related closing documents. The purpose of the Settlement Statement is to inform and record all expenses and payoffs associated with the loan – that is, how the loan proceeds are being spent. In most cases, buyers must bring cash to closings to cover all the expenses not covered by the loan proceeds, including the down-payment or equity contribution, which in most cases is 20-25% of the contract price.

28. For homes purchases by the SMFR, the inflated sales price resulted in loan proceeds in excess of the real sale price, sometimes several hundreds of thousands of dollars.

Hence, straw borrowers would ordinarily not provide any cash on the day of closing as represented on the HUD-1. In many situations, excess loan proceeds were earmarked for American Signature Homes, and on a few occasions Omni One Financial on the HUD-1. A portion of these funds would be given back to the straw borrowers by James Sotolongo so that they could make down payments after the closing date. Since Stephanie Musselwhite was the title agent and handled most of the closings, she could help orchestrate the use of the lender's own money to fund the various loans.

29. The conspirators frequently obtained a second mortgage simultaneously with the purchase of the homes to further reduce the need for the straw borrowers to bring cash to the closings. The same misrepresentations and lies made on the original loan applications were made on the second mortgage applications.

30. In many instances, the next step in the fraud was for the straw borrower to sell the property to another straw borrower, a co-conspirator. Since both buyers and sellers were conspirators, the problem of the inflated contract price was simply handled by inserting an undisclosed seller's credit into the closing equation. This made it relatively easy for closing agent Musselwhite to balance the books, but also meant that she was actively assisting in the fraud. The previously mentioned steps in the fraud scheme would be repeated. In some cases, the second straw borrower was the owner when the conspiracy collapsed, but in others the property was flipped to innocent owners who were left holding an overvalued home.

31. Ramara Garrett or Waverly Property was listed as the realtor on many of the transactions conducted by the SMFR. So, in addition to her boyfriend, James Sotolongo, secretly acquiring control over numerous properties and taking cash out via loans, Ramara Garrett received the standard realtor's fee every time the property was sold and resold. Many of these properties

carried an inflated contract price of several hundred thousand dollars, so the extra fees were substantial.

32. After a property was acquired, some mortgage payments were made, but ultimately many of the homes went into foreclosure. Ramara Garrett and James Sotolongo lived in some of the homes while others were advertised for rent as vacation rentals by the Waverly Property Group or Daytona Beach Luxury Rentals.

120 Coral Way, Port Orange, Florida

33. By way of example, the property located at 120 Coral Way, Port Orange, Florida, was purchased by the SMFR in 2007. The Federal Deposit Insurance Corporation (FDIC) insured lender, Washington Mutual Bank, provided records pertaining to the purchase of this property by G.G.. Washington Mutual lent G.G. \$980,000 for a first mortgage on the home and \$278,058 for a second mortgage. Washington Mutual Bank provided a copy of an unsigned Uniform Residential Loan Application, purportedly by G.G. and processed by Chris Mencis, at REMF. Mencis is identified as the interviewer, but his signature is also missing from the application. A box was checked on the application indicating it was received by Mencis through the mail. G.G. told me that he provided Mencis with his personal identification information to include his bank account information, assets, and liabilities. When I showed G.G. the loan application submitted to Washington Mutual Bank, he identified a number of inaccuracies and denied knowledge of the information on the application. The loan application indicated G.G. earned \$35,000 per month. G.G. told me he earned approximately \$65-70,000 during the entire year of 2007. The loan application showed G.G. had a bank balance of \$300,000 but G.G. told me he never had more than a couple thousand dollars in the bank in 2007.

34. The HUD-1 Settlement Statement, dated July 10, 2007, indicates it was prepared by

Stephanie Musselwhite at Orlando Title and Abstract of Florida. Line 303 of the HUD-1 states G.G. provided \$146,325.12 for the purchase of the home at closing. G.G. told me that he never provided any money at closing. Line 507 of the HUD-1 shows a disbursement of \$99,971 to Omni One Financial, Inc., and Line 506 shows a disbursement of \$310,514 to American Signature Home. Washington Mutual's files do not include an addendum to the sales contract allocating any funds for remodeling, construction, or rehabilitation of the residence.

35. Analysis of American Signature Homes bank records indicate that \$310,514 was wired into the company's account on July 12, 2007, from Orlando Title and Abstract. On July 17, 2007, American Signature Homes wired \$166,325.12 back to Orlando Title and Abstract. There was also a check written to K.B. from American Signature Homes for \$20,981. K.B. is a former employee of Sotolongo's and is G.G.' sister. Omni One Financial's bank records show a check for \$99,971 was deposited from Orlando Title and Abstract on July 13, 2007. Three days later, there was a transfer of \$20,000 to the Waverly Group on July 16, 2007. Over the course of the next ten days another \$30,000 in cash was withdrawn from the account.

36. The address of 120 Coral Way, Port Orange, Florida, went through foreclosure proceedings and was sold on February 13, 2013 for only \$320,000.

1386 South Wembley Circle, Port Orange

37. Another example of fraud by the SMFR is the purchase of 1386 South Wembley Circle, Port Orange, Florida. I reviewed records maintained by the lender, Mortgages Direct, and Orlando Title and Abstract of Florida, which did the real estate closing. On November 12, 2007, Sidney Coton, who was a straw borrower on multiple homes for the SMFR, signed a contract to purchase 1386 South Wembley Circle Port Orange, Florida, for \$379,000. The contract contained an addendum that read, "Seller to credit \$104,000.00 to buyer's contractor of choice

(TBD) at closing". The contract also indicated that \$5,000 was held in escrow by Waverly Title Company. The sales contract contained a signing date of November 12, 2007, and indicated that the closing would occur at Waverly Title Company. Florida Division of Corporations records indicate Stephanie Musslewhite filed a voluntary dissolution of Waverly Title Company on September 12, 2007. The listing and cooperating broker on the sales contract was Waverly Property Group, which received two commissions; one for 1.5% and the other for 2.5%. The contract included an addendum that provided \$104,000 to the buyer's contractor of choice at closing.

38. On December 27, 2007, Sidney Coton signed a Uniform Residential Loan Application for a \$341,100 loan from non-FDIC insured lender, Mortgages Factory, Inc., DBA Mortgages Direct, 2000 Bering Drive, Houston, Texas 77057. The loan application provided an address of 2721 South Atlantic Avenue, Daytona Beach Shores, Florida, for Coton, but Coton's correct address at the time was 668 Cheltenham Avenue, Deltona, Florida. Coton's income was listed on the loan application at \$43,714.00 per month, but a review of Coton's IRS 1099 for the year 2007 showed Coton earning only \$43,089. Additionally, the loan application listed that Coton had \$210,000 in a SunTrust Bank account ending in 1227. A review of Coton's SunTrust Bank statement for December 8, 2007 through January 8, 2008, for account ending in 1227 indicates Coton's balance never exceeded \$30,000. According to the Uniform Loan Application, the application was submitted via the Internet to Mortgages Direct.

39. Mortgage Factory, Inc., DBA Mortgages Direct, relied on the false information and funded a loan in the amount of \$341,100, which was wire transferred from Mortgage Factory, Inc., DBA Mortgages Direct in McAllen, Texas, to Orlando Title & Abstract of Florida's account at Seacoast National Bank in Orlando, Florida, on December 27, 2007.

40. Records maintained by Mortgage Factory, Inc., DBA Mortgages Direct include a fax cover page to J.H. (the person identified on Coton's loan application as the Mortgages Direct representative who processed Coton's application and interviewed him) from "Ramara" with a Waverly Property Group logo. The fax cover sheet appears to be in Ramara Garrett's handwriting and is in reference to "leases for Sidney". The faxed cover sheet message reads, "Hi Johnny, here are all of the leases! Let me know what else you need. Thanks!" The attached documents include lease agreements from H.W., E.P., and G.C.. H.W., a former real estate agent for Waverly Property Group, was interviewed and denied knowledge of the lease or ever living at the property identified on the lease. E.P. was an employee Century Motors, and according to Seminole County public records was a resident of 1349 Freymark Street, Altamonte Springs, Florida, at the time he supposedly was leasing a residence from Coton. G.C. was also an employee at Waverly Property Group, LLC. I interviewed Sidney Coton and he denied knowledge of any of the rental agreements purportedly faxed by Ramara Garrett.

41. On December 27, 2007, there was a real estate closing for the property conducted at Orlando Title and Abstract of Florida, Inc., with Stephanie Musselwhite acting as the closing agent. The completed HUD-1 Settlement Statement indicates that \$103,971 was allocated to Omni One Financial, Inc., which Stephanie Musselwhite disbursed to Omni One Financial, Inc., via wire transfer on December 28, 2007. The HUD-1 also shows that Waverly Property Group earned \$11,000 in sales commission.

42. Analysis of Omni One Financial's bank records show a wire was deposited in the amount of \$103,971 from Orlando Title and Abstract on December 28, 2007. That same day, there was a withdrawal for \$55,895.52, and two checks written to Sidney Coton; one for \$5,000 and one for \$43,104.48.

43. The original mortgage for the home was \$341,100.00 and the home was sold pursuant to a short sale in a foreclosure action for \$194,000.00 on January 12, 2011.

397 Silver Beach, Holly Hill

44. On February 14, 2007, Abdul Rifai signed a sales contract for the purchase of 397 Silver Beach Drive, Holly Hill, Florida. The purchase price for the property was \$1,290,000 and the FDIC-insured lender was Wells Fargo Bank, N.A. for a first mortgage of \$1,000,000 and a second mortgage of \$161,000. A Uniform Residential Loan Application was processed through Real Estate Mortgage Professionals and purportedly signed by Rifai. The name of the loan interviewer is left blank on the application. The Uniform Residential Loan Application indicated Rifai had a monthly income of \$48,000.00 and that the home would be his primary residence. Rifai was interviewed and admitted the home was never to be his primary residence and said he never earned \$48,000 per month.

45. During the loan application process, a number of leases were provided to the lender to further support Rifai's ability to finance the home. One of the lessees was Ramara Garrett for a property located at 16244 Birchwood Way, Orlando, Florida. The supposed monthly due from Garrett to Rifai was \$3,800 a month. According to public records, 16244 Birchwood Way was purchased by James Sotolongo and Abdul Rifai on August 12, 2005 for \$441,300 and was later quit-claim deeded to Rifai. The home was never the residence of Garrett and is currently still owned by Rifai.

46. The real estate closing for the property was conducted at Orlando Title and Abstract and the Settlement Agent was Stephanie Musselwhite on March 30, 2007. On March 30, 2007, Wells Fargo Bank, N.A. provided Orlando Title and Abstract funding for both the first and second loans in the amounts of \$1,013,856.28 and \$159,677.43, respectively.

47. The HUD-1 Settlement Statement indicated that \$339,971 was owed to American Signature Homes from the seller. According to Line 303 of the HUD-1 Settlement Statement, Abdul Rifai was to pay \$129,436.52 at the closing. Bank records for Orlando Title and Abstract show that Rifai did not pay the \$129,436.52 until April 10, 2007, which was eleven days after the closing. The \$129,436.52 provided by Rifai after the real estate closing, was not withdrawn from his SunTrust account number ending in 9478 until March 30, 2007. That same day, \$429,914.80 was transferred from American Signature Homes SunTrust account number ending in 6653 into Rifai's SunTrust account number ending in 9478.

48. In order to hide this "after the fact" transfer of the lender's money for Abdul Rifai's down payment, Closing Agent Stephanie Musselwhite backdated the Ledger Card for the closing to show funds were received by Rifai on March 30, 2007. The home went into foreclosure on May 13, 2011. E-Trade Bank, which obtained ownership from Wells Fargo Bank, N.A. sold the home for only \$350,000 on September 30, 2011.

15 Granville Circle, Daytona Beach

49. Another fraudulent purchase by the SMFR is found in the purchase of 15 Granville Circle, Daytona Beach, Florida. On or about February 14, 2007, Abdul Rifai signed a real estate sales contract to purchase the home for \$2,480,000. The sales contract stated that \$20,000 was deposited at Orlando Title & Abstract of Florida. Additionally, the contract represented that eleven days after February 14, 2007, an additional \$30,000 would be deposited into escrow at Orlando Title & Abstract. I reviewed Orlando Title & Abstract's escrow account ending in 0682 and could not find the deposits identified in the sales contract.

50. A Uniform Residential Loan Application was purportedly signed by Abdul Rifai and Christopher Mencis on March 3, 2007. The loan package, containing among other items, the

Uniform Residential Loan Application, was sent to FDIC insured lender Washington Mutual Bank. The Uniform Residential Loan Application in Washington Mutual Bank's files is stamped "delivered March 21, 2007." The Uniform Residential Loan Application contained material misrepresentations including that Rifai had a monthly income listed of \$48,000.00. Rifai's yearly earnings as reported to the State of Florida for calendar year 2006 equaled only \$7,000.

51. In furtherance of the residential mortgage approval process, Washington Mutual Bank required Rifai to execute a document titled "Misrepresentation and Nondisclosure Affidavit and Agreement." The affidavit was purportedly signed by Rifai and verifies that the home was going to be his primary residence, that he neither orally or in writing promised to pay any payment or any other thing of value in connection with the purchase of this property, that all information in the loan application was accurate, and that the buyer had not and will not use funds derived; in whole or in part, directly from any criminal activity. The document was notarized by Stephanie Musselwhite.

52. On March 30, 2007, there was a real estate closing for the purchase of 15 Granville Circle Daytona Beach, Florida. Closing Agent Stephanie Musselwhite completed a HUD-1 Settlement Statement accounting for all disbursements of the lenders funds, as well as all monies provided by the buyer Abdul Rifai to consummate the sale. I compared the funds on the HUD-1 with the funds on a Ledger Card prepared by Musselwhite. The HUD-1 represented that Rifai placed \$50,000 into escrow. Line 303 of the HUD-1 listed \$222,324.17 due from Rifai at closing. The Ledger Card listed the amount due from Rifai as \$232,496.41.

53. The real estate closing was assigned Orlando Title and Abstract file number 19239 by Stephanie Musselwhite. SunTrust Bank records for an account held in the name Abdul Rifai or Dani Hbous and ending in account number 1704 show a check numbered 540 was made out

payable to Orlando Title and Abstract on March 30, 2007. The check was for \$232,496.41 and listed in the memo section is the number "19239". This check was returned for insufficient funds on April 5, 2007. Both the HUD-1 and the Ledger Card reflect an outgoing wire in the amount of \$579,982 to American Signature Homes. SunTrust Bank records confirm that American Signature Homes SunTrust account number ending in 6653 received the wire transfer of \$579,982 from Orlando Title and Abstract of Florida on March 30, 2007. The account showed two separate withdrawals identified as "miscellaneous debit" of \$150,067.19 and \$429,914.80 respectively. When added together, the two withdrawals total \$579,981.99, which is one cent less than the March 30, 2007 wire transfer. On March 30, 2007, \$150,067.19 was deposited into a SunTrust bank account ending in 8803 held in the name Jim Sotolongo or and his wife. On March 30, 2007, \$429,914.80 was deposited in a SunTrust Bank account number ending in 9478 held in the name of Abdul Rifai or Dani Hbous.

54. The home located at 15 Granville, is a large two story waterfront home, located on the Halifax River, complete with swimming pool and boat dock. During the period of approximately late 2007 or early 2008 through mid-2012, Jimmy Sotolongo and Ramara occupied this house as their primary residence. The home at 15 Granville ultimately fell into foreclosure which resulted in a final judgment of foreclosure being issued by the Circuit Court of the 7th Judicial Circuit in case number 2008-032395-CICI in the amount of \$2,414,633.20. The home was sold on January 13, 2013 for \$951,000.

1006-1008 17th Avenue, New Smyrna Beach

55. Another fraudulent purchase by the SMFR is found in the purchase of 1006-1008 17th Avenue, New Smyrna beach, Florida. The home was listed for sale on the Multiple Listing Service for \$1,550,000 on January 18, 2007 and dropped to \$1,390,000 on April 9, 2007. On or

about June 23, 2007, Sidney Coton signed a real estate sales contract to purchase the home for \$1,650,000, which was \$250,000 above the MLS listing price. According to a cooperating witness who worked as a realtor for Waverly Property, Ramara Garrett convinced the seller to inflate the sales price to \$1,750,000. On June 29, 2007, the MLS reflected this increased sales price and changed from \$1,390,000 to \$1,750,000. The sales contract stated that \$20,000 was deposited at Orlando Title & Abstract of Florida and listed Waverly Property as a "cooperating broker" receiving a 2.5% sales commission. I reviewed Orlando Title & Abstract of Florida's escrow account at Seacoast National Bank account number ending in 0682 and could not find the deposit identified in the sales contract.

56. A Uniform Residential Loan Application was purportedly signed by Sidney Coton and Christopher Mencis on June 28, 2007. The loan package, containing among other items, the Uniform Residential Loan Application, was sent to FDIC insured lender Bank of America. The Uniform Residential Loan Application contained material misrepresentations including that Coton had a monthly income of \$35,000, as President of Luxury Auto. A review of Coton's IRS 1099 for the year 2007 showed Coton earning \$43,089, and listed Coton's employment and position as a used car salesmen. Additionally, the loan application listed that Coton had \$144,253 in a Sun Trust bank account ending in 1227. A review of Coton's SunTrust Bank statement for June 8, 2007 through July 2, 2007 for account number ending in 1227 indicates that Coton's balance never exceeded \$58,045.32. The loan application also listed that Coton had \$266,942 in a SunTrust bank account number ending in 4705. A review of Coton's SunTrust Bank statement for June 5, 2007 through June 28, 2007 for account number ending in 4705 indicates Coton's balance never exceeded \$6,172.09.

57. On July 31, 2007, there was a real estate closing pertaining to the purchase of

1006-1008 17th Avenue, New Smyrna Beach, Florida. Closing agent Stephanie Musselwhite completed a HUD-1 Settlement Statement accounting for all disbursements of the lenders funds, as well as all monies provided by the buyer (Coton) to consummate the sale. I compared the funds on the HUD-1 with the date the funds actually appeared in Musselwhite's escrow account. Line 303 of the HUD-1 listed Coton paying \$368,796.46 on the closing date of July 31, 2007. Muselwhite's escrow account shows the \$368,796.46 in the form of an official SunTrust Bank check which was dated August 3, 2007, three days after the closing. The HUD-1 reflected an outgoing wire in the amount of \$378,978.00 to American Signature Homes. SunTrust Bank records confirmed that American Signature Homes' SunTrust Bank account number ending in 6653 received the wire transfer of \$378,978 from Orlando Title & Abstract of Florida on August 1, 2007. On August 3, 2007, two days after the deposit, the American signature Homes SunTrust Bank account number ending in 6653 indicates an over the counter withdrawal of \$368,796.46 in the form of an official bank check. This amount is exactly the same amount Stephanie Musselwhite reflected on the July 31, 2007 HUD-1 as being provided by Sidney Coton.

58. The home at 1006-1008 17th Avenue New Smyrna Beach, Florida ultimately fell into foreclosure which resulted in a final judgment of foreclosure being issued by the Circuit court of the 7th Judicial Circuit in case number 2009- 20505- CINS in the amount of \$1,485,254.27. The home was sold in May 2011 for \$585,000, which only 35% of the purchase price paid in 2007.

Additional Identified Properties

59. During the course of the conspiracy, Jimmy Sotolongo, Ramara Garrett, Stephanie Musselwhite, Steven Matson, Christopher Mencis and other members of the conspiracy were involved in the purchases, sales, and receipts of income pertaining to numerous fraudulently acquired homes located in Volusia County and throughout Central Florida. A total of

approximately seventy real estate transactions perpetrated by James Sotolongo were identified as having ties to Sotolongo or other members of the SMFR.

60. Additional examples of identified properties tied to the SMFR are outlined below:

a) A beachfront home located at 2721 South Atlantic Avenue, Daytona Beach Shores, Florida was purchased by Sidney and his wife on May 16, 2007, for \$2,480,000. The HUD-1 for the sale reflects that American Signature Homes received over \$500,000 at closing. American Signature Homes' bank records at Sun Trust Bank reveal that \$529,998.01 was wired from Orlando Title & Abstract at Seacoast National Bank on May 16, 2007 into an account held by American Signature Homes held at Sun Trust Bank.

b) The home located at 1616 North Atlantic Ave., Daytona Beach, Florida was purchased by Abdul Rifa on April 20, 2007, for \$1,975,000. The HUD 1 for this property sale shows \$445,472 being disbursed from escrow funds to American Signature Homes. SunTrust Bank records obtained for American Signature Homes verify that on April 23, 2007, the company was wired \$455,472 from Orlando Title and Abstract of Florida. The property located at 1616 N. Atlantic Ave property is currently involved in a foreclosure action by J.P. Morgan Chase Bank.

c) The beachfront home located at 4115 S. Atlantic Avenue, Wilbur by the Sea, Florida, was purchased by James Sotolongo's and his estranged wife, on January 30, 2007, for \$2,200,000. The home is currently appraised at \$523,000 by the Volusia County Appraiser's Office and is the current residence of James Sotolongo and Ramara Garrett. In connection with the purchase of this home, Sotolongo secured a \$1,760,000 First Mortgage and \$220,000 Second Mortgage from JP Morgan Chase through Real Estate Mortgage Professionals. This property is currently in the foreclosure process with a forfeiture action filed on behalf of the lenders.

d) The riverfront home located at 397 Silverbeach Drive, Holly Hill, Florida, was

purchased by Abdul Rifia and his wife, Dani Hbous, on March 30, 2007, for \$1,290,000. The HUD-1 for the sale reflects that American Signature Homes receiving \$340,000 at the real estate closing. A review of American Signature Homes' bank records from SunTrust Bank reveal that American Signature Homes received \$339,971 from Orlando Title & Abstract on April 3, 2007. The next day, April 4, 2007, American Signature Homes transferred \$239,575 to Abdul Rifia. Sun Trust Bank records show that \$100,395.50 was also transferred out of the company's account on April 4, 2007.

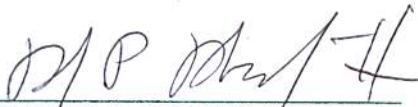
61. I have been unable to uncover any evidence that American Signature Homes, Inc. did any significant home renovations during the time period of the conspiracy. Volusia County records do not reveal a single notice of commencement filed for improvements to any property. Additionally, American Signature Homes did not apply for any construction permits with the cities of Ponce Inlet or Daytona Beach Shores. American Signature Homes' bank records reveal little evidence of construction or contracting activity. The bank records at Sun Trust Bank show American Signature Homes spent under \$20,000 on construction related expenses from 2006 to 2009 compared to \$4,528,816.01 it American Signature Homes received from Orlando Title & Abstract in the year 2007 alone. James Sotolongo is not licensed as a contractor and all of the witnesses interviewed during the course of this investigation indicated American Signature Homes did not perform home renovations or contracting activity.

62. During the course of the conspiracy, James Sotolongo and Ramara Garrett further profited from a scheme whereby many of the waterfront homes acquired by frauds through the SMFR were rented out as high end vacation rentals. Sotolongo and Garrett utilized the companies known as Waverly Property Group and Daytona Beach Luxury Rentals to collect rents from multiple properties acquired by the SMFR pursuant to fraud. Many of these properties were

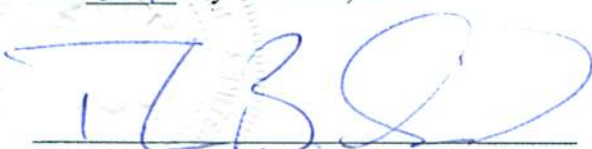
advertized on Waverly Property Group's Website on the Internet and often rented for thousands of dollars per weeks. Many of the properties were acquired in the name of various straw buyers of the SMFR. Sotolongo and Garrett obtained the bulk of the collected rental proceeds from these properties.

63. Based upon the information set forth above, I submit there is probable cause to believe that James Sotolongo, Ramara Garrett, Christopher Mencis, Stephanie Musselwhite, along with others who are not listed as Defendants in this Affidavit and corresponding Criminal Complaint, did commit violations of Title 18, United States Code, Section 1349 (Conspiracy) as detailed and evidenced above in this Affidavit.

FURTHER your Affiant sayeth naught.


ROBERT P. ROBICHAUD II
Special Agent
Federal Bureau of Investigation

Sworn to and subscribed before me
this 29 day of March, 2013.


THE HONORABLE THOMAS B. SMITH
United States Magistrate Judge